

109TH CONGRESS  
1ST SESSION

# H. R. 1713

To amend title 49, United States Code, to provide for stable, productive, and efficient passenger rail service in the United States, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2005

Mr. YOUNG of Alaska (for himself and Mr. OBERSTAR) (both by request): introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

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## A BILL

To amend title 49, United States Code, to provide for stable, productive, and efficient passenger rail service in the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Passenger Rail Investment Reform Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Purposes; definitions.

## TITLE I—NATIONAL PASSENGER RAIL SERVICE RESTRUCTURING

- Sec. 101. Board of Directors of Amtrak.
- Sec. 102. Passenger rail service restructuring.
- Sec. 103. North East Corridor Compact.
- Sec. 104. Assistance to address capital needs.
- Sec. 105. Employee transition assistance; authorization.
- Sec. 106. Limit on operating assistance for long-distance routes.
- Sec. 107. Repeal of obsolete and executed provisions of law; other.

## TITLE II—FINANCIAL REFORMS

- Sec. 201. Limitations on availability of grants.
- Sec. 202. Spending plans for capital backlog reduction.
- Sec. 203. Redemption of common stock.
- Sec. 204. Retirement of preferred stock; transfer of assets.
- Sec. 205. Real estate and asset sales; other.
- Sec. 206. Management and transfer of secured debt.
- Sec. 207. Transition assistance.

TITLE III—GRANTS AND OTHER ASSISTANCE FOR INTERCITY  
PASSENGER RAIL SERVICE

- Sec. 301. Capital assistance for intercity passenger rail service.
- Sec. 302. Final regulations on applications by States for development grants.
- Sec. 303. Authority for interstate compacts for corridor development.

1 **SEC. 2. PURPOSES; DEFINITIONS.**

2 (a) PURPOSES.—The purposes of this Act are to—

3 (1) preserve an intercity passenger rail service  
4 system in the United States that is driven by sound  
5 economics;

6 (2) provide a transition from the existing struc-  
7 ture for providing such service to a structure that is  
8 more aligned with existing and emerging transpor-  
9 tation needs;

10 (3) develop a system that provides high quality  
11 passenger rail service at a reasonable cost;

12 (4) establish a long-term partnership among the  
13 States and the Federal Government to support inter-  
14 city passenger rail service; and

1           (5) create an effective public-private partner-  
2           ship, after a reasonable transition, to manage the  
3           capital assets of the Northeast Corridor.

4           (b) DEFINITIONS.—In this Act,

5           (1) “Year One” means the next Federal fiscal  
6           year to begin after the date of enactment of this  
7           Act, except that the term means the current Federal  
8           fiscal year if the date of enactment of the Act is  
9           within 60 days of the first day of the current Fed-  
10          eral fiscal year.

11          (2) “Year Two”, “Year Three”, “Year Four”,  
12          “Year Five”, and “Year Six” mean, respectively, the  
13          Federal fiscal year that follows year one by one, two,  
14          three, four, and five years, respectively.

15       **TITLE I—NATIONAL PASSENGER**  
16       **RAIL SERVICE RESTRUCTURING**

17       **SEC. 101. BOARD OF DIRECTORS OF AMTRAK.**

18          Section 24302 of title 49, United States Code, is  
19          amended to read as follows:

20       **“§ 24302. Board of Directors**

21          “(a) MEMBERSHIP.—(1) The Transition Board of  
22          Directors of Amtrak shall consist of 11 voting members,  
23          including—

24                  “(A) the Secretary of Transportation, or an of-  
25          ficer of the United States within the Department of

1       Transportation appointed by the President, by and  
2       with the advice and consent of the Senate, and com-  
3       pensated under the Executive Schedule under title 5,  
4       United States Code, who is designated by the Sec-  
5       retary (hereafter in this section the ‘Secretary’s dele-  
6       gate’); and

7               “(B) 10 other members appointed by the Presi-  
8       dent, by and with the advice and consent of the Sen-  
9       ate.

10       “(2) The President of Amtrak shall serve as an ex  
11       officio, nonvoting member of the Board of Directors.

12       “(b) COMPENSATION.—Each member of the Board of  
13       Directors shall not be compensated for service as such  
14       member, but shall receive with respect to such service  
15       travel expenses, including per diem in lieu of subsistence,  
16       in accordance with sections 5702 and 5703 of title 5.

17       “(c) TERM OF OFFICE.—Members serving un-expired  
18       terms on the date of enactment of this section may con-  
19       tinue to serve until the earlier of the expiration of their  
20       terms or the date on which the restructuring mandated  
21       under section 24310 of this title is implemented. Members  
22       appointed by the President under subsection (a)(1)(B)  
23       shall serve for a term that expires on the date the restruc-  
24       turing mandated in section 24310 of this title is imple-  
25       mented. At the expiration of their terms, members of the

1 Board shall be eligible to serve as members of the boards  
2 of successor corporations to Amtrak.

3 “(d) QUORUM.—At any time after the date of enact-  
4 ment of this section, a majority of the Board members  
5 who have been lawfully appointed shall constitute a  
6 quorum for purposes of conducting Board meetings and  
7 making all necessary decisions regarding the operations,  
8 structure, and business affairs of Amtrak.

9 “(e) TRANSITION COMMITTEE.—(1) The Board of  
10 Directors shall form an Asset Transition Committee com-  
11 prised of the Secretary, or the Secretary’s delegate, and  
12 two other members, or one other member if two other  
13 members are not lawfully appointed.

14 “(2) In addition to other powers and duties assigned  
15 by the Board, the Asset Transition Committee has the  
16 duty to ensure that the public interest is served in Board  
17 decisions and Amtrak management actions that change  
18 the use of or status of (A) the contractual right of access  
19 of Amtrak to rail lines of other railroads; (B) Amtrak se-  
20 cured debt; (C) Northeast Corridor real property and as-  
21 sets; and (D) rolling stock.

22 “(3) The Board may not take an action with regard  
23 to the assets or secured debt specified in paragraph (2),  
24 or permit an Amtrak management action with regard to

1 those assets, that is not approved by the Asset Transition  
2 Committee.

3 “(f) MODIFICATION OF BOARD AFTER RESTRUC-  
4 TURING.—(1) Upon the commencement of operations of  
5 the Passenger Rail Service Provider and the Passenger  
6 Rail Infrastructure Manager under section 24310 of this  
7 title, the Board of Directors of Amtrak shall consist of—

8 “(A) the Secretary of Transportation;

9 “(B) the Federal Railroad Administrator or an-  
10 other officer of the United States within the Depart-  
11 ment of Transportation appointed by the President,  
12 by and with the advice and consent of the Senate,  
13 and compensated under the Executive Schedule  
14 under title 5, United States Code, who is designated  
15 by the Secretary; and

16 “(C) the Federal Transit Administrator or an-  
17 other officer of the United States within the Depart-  
18 ment of Transportation appointed by the President,  
19 by and with the advice and consent of the Senate,  
20 and compensated under the Executive Schedule  
21 under title 5, United States Code, who is designated  
22 by the Secretary.

23 “(2) Upon the designation of directors by the Sec-  
24 retary under paragraph (1), and with the exception of the  
25 Secretary of Transportation, the members of the Transi-

tion Board of Directors shall no longer serve as appointees of the President to the Amtrak Board of Directors, but shall instead become members of the Board of Directors of the entities referred to in Federal law as the ‘Passenger Rail Service Provider’ or the ‘Passenger Rail Infrastructure Manager’.”.

**SEC. 102. PASSENGER RAIL SERVICE RESTRUCTURING.**

(a) IN GENERAL.—Title 49, United States Code, is amended by inserting the following after section 24309:

**“§ 24310. Amtrak restructuring mandate**

“(a) IN GENERAL.—Within 6 months after Year One begins, and notwithstanding any other provision of this title, the Board of Directors shall prepare a plan to restructure Amtrak management, personnel, assets, operations, and other activities and relationships to conform to the requirements of this section. The Board shall transmit the completed plan to the Committee on Commerce, Science, and Transportation of the Senate, the Committee on Transportation and Infrastructure of the House, and the Committees on Appropriations of the House and Senate.

“(b) MINIMUM REQUIREMENTS.—At a minimum, the restructuring plan required under this section shall provide for the following:

1           “(1) The filing of appropriate Articles of Incorporation under State law for two business corporations that are entirely independent of Amtrak, hereinafter referred to as the ‘Passenger Rail Service Provider’ and the ‘Passenger Rail Infrastructure Manager’ or collectively the ‘successor corporations.

7           “(2) The division of Amtrak into three functionally independent entities that provide the following:

10           “(A) A corporation, hereinafter referred to as ‘Amtrak’, that shall provide overall supervision of Amtrak restructuring and subsequent management of residual responsibilities, including succeeding to the legal rights of the National Railroad Passenger Corporation, and including specifically Amtrak’s legal right of access to other railroads, following transfer of rail operations and infrastructure management to the successor corporations established under paragraph (1).

21           “(B) Passenger rail operating services nationwide, including operation of the reservation centers and ownership and management of existing rolling stock and its maintenance.

1                   “(C) Passenger rail infrastructure manage-  
2                   ment.

3                   “(3) The assignment of all Amtrak personnel  
4                   by name to one of the entities specified in paragraph  
5                   (2), with no loss of pay or benefits, including senior-  
6                   ity rights to employment within any entity, except  
7                   that an employee who elects employment with the  
8                   entity specified by paragraph (2)(A) shall become an  
9                   employee of the corporation, with only such rights  
10                  regarding pay and benefits as the corporation shall  
11                  determine.

12                  “(4) The division of accounting, finance, budg-  
13                  et, assets, and personnel to provide for the operation  
14                  and funding of each entity independently.

15                  “(5) A transition schedule that provides for  
16                  completion of the restructuring not later than the  
17                  last day of Year One.

18                  “(c) SUCCESSOR CORPORATIONS.—(1) Consistent  
19                  with the business corporation law of the State of incorpo-  
20                  ration of the successor corporations specified by sub-  
21                  section (b)(1) of this section, each of the successor cor-  
22                  porations shall be qualified to undertake railroad activities  
23                  of an operational or infrastructure nature on a contractual  
24                  basis with Amtrak or any other entity.

25                  “(2) The Passenger Rail Service Provider—

1           “(i) shall have the exclusive right, until the last  
2           day of Year Three, to continue to provide the inter-  
3           city passenger service that is being provided by Am-  
4           trak on the date of enactment of the Passenger Rail  
5           Investment Reform Act, but after the last day of  
6           Year One, may operate such passenger rail service  
7           only under a contract; and

8           “(ii) shall provide interline reservations services  
9           to any other provider of intercity passenger rail serv-  
10          ices on the same basis and rates as services are pro-  
11          vided to the operational entities that provide service  
12          within Amtrak on the date of enactment.

13          “(3) The Passenger Rail Infrastructure Manager—

14               “(i) shall have the exclusive right, until the last  
15              day of Year Six, to continue to provide the dis-  
16              patching, maintenance, and infrastructure services  
17              that are being provided by Amtrak on the date of  
18              enactment of the Passenger Rail Investment Reform  
19              Act, but after the last day of Year One, may provide  
20              these services only under a contract; and

21               “(ii) shall carry out the multi-year infrastruc-  
22              ture plan prepared by Amtrak, to the extent funds  
23              are made available.

24          “(4)(A) The successor corporations are not a depart-  
25          ment, agency, or instrumentality of the United States

1 Government nor are they Government corporations (as de-  
2 fined in section 103 of title 5).

3 “(B) Chapter 105 of this title does not apply to the  
4 successor corporations. However, laws and regulations  
5 governing safety, employee representation for collective  
6 bargaining purposes, the handling of disputes between car-  
7 riers and employees, employee retirement, annuity, and  
8 unemployment systems, and other dealings with employees  
9 that apply to a rail carrier providing transportation sub-  
10 ject to subchapter I of chapter 105 apply to the successor  
11 corporations. The employee retirement, annuity, and un-  
12 employment systems that apply to a rail carrier providing  
13 transportation subject to subchapter I of chapter 105  
14 apply to the entity specified by subsection (b)(2)(A) of this  
15 section.

16 “(C) Subsections (c) through (l) of section 24301 of  
17 this title shall apply to the successor corporations.

18 “(5) Subject to further action by the Board of Direc-  
19 tors, the President of Amtrak on the date of enactment  
20 of the Passenger Rail Investment Reform Act shall be of-  
21 fered the position of Chief Executive Officer of the Pas-  
22 senger Rail Service Provider.

23 “(6) The contractual rights of successor corporations  
24 to provide services may not be extended beyond the dates

1 set forth in subsections (c)(2) and (c)(3), as applicable,  
2 without competitive bid.

3 “(7) The Passenger Rail Service Provider shall pro-  
4 vide to the Secretary of Transportation not later than 18  
5 months after the enactment of the Passenger Rail Invest-  
6 ment Reform Act, recommendations on the feasibility, ad-  
7 vantages, and disadvantages of separation of the reserva-  
8 tion centers into a free-standing entity that can become  
9 an element of an intermodal reservations service.

10 “(8) The functionally independent entity specified by  
11 subsection (b)(2)(A) shall retain all legal rights pertaining  
12 to the name ‘Amtrak,’ and may, at its option, license or  
13 otherwise make the name ‘Amtrak’ commercially available  
14 in connection with intercity passenger rail and related  
15 services.

16 “(d) ROLLING STOCK AND SHOPS.—(1) With respect  
17 to any route on which intercity passenger rail service is  
18 provided on the date of enactment of the Passenger Rail  
19 Investment Reform Act, the Passenger Rail Service Pro-  
20 vider shall make available to any replacement operator the  
21 legacy equipment that is associated with the service on the  
22 route.

23 “(2) Such equipment and services shall be made  
24 available on such terms as Amtrak determines are fair,  
25 reasonable, and in the public interest.

1       “(e) FREIGHT AND COMMUTER OPERATIONS.—(1)  
2 Amtrak shall ensure that the implementation of the re-  
3 structuring prescribed in this section gives due consider-  
4 ation to the needs of freight and commuter rail operations  
5 that, as of the effective date of the Passenger Rail Invest-  
6 ment Reform Act, operate in the Northeast Corridor on  
7 Amtrak right of way.

8       “(2) Notwithstanding paragraph (1), commuter serv-  
9 ices headquartered in a State or Commonwealth that is  
10 not a member of the North East Corridor Compact after  
11 the last day of Year Two, shall pay the fully allocated costs  
12 incurred by the successor corporation or any successor en-  
13 tity for access to and use of the Northeast Corridor for  
14 such services.

15       “(3) The right of access by Amtrak to rail lines  
16 owned by other carriers is, as of the effective date of the  
17 Passenger Rail Investment Reform Act, restricted as fol-  
18 lows:

19               “(A) The terms and conditions for operation of  
20 an intercity passenger rail route or frequency to be  
21 added after the date of enactment of the Passenger  
22 Rail Investment Reform Act shall be determined by  
23 negotiation and mutual agreement between the host  
24 railroad and the operator of the route or frequency

1 sought to be added, with no preferential right of ac-  
2 cess.

3 “(B) If not utilized by Amtrak, Amtrak’s right  
4 of access to any segment of rail line owned by an-  
5 other rail carrier may be assigned to no more than  
6 one intercity passenger rail operator during the term  
7 of the assignment, except by agreement among Am-  
8 trak, its assignee, and the owner of the rail line.”.

9 (b) CONFORMING AMENDMENTS.—(1) The analysis  
10 of chapter 243 of title 49, United States Code, is amended  
11 by inserting the following after the item relating to section  
12 24309:

“24310. Amtrak restructuring mandate.”.

13 (2) Section 24102 (Definitions) of title 49, United  
14 States Code, is amended—

15 (A) by inserting the following after section  
16 24102(5):

17 “(5a) ‘legacy equipment’ means the rolling  
18 stock required to provide intercity passenger rail  
19 service owned or leased by the National Railroad  
20 Passenger Corporation on the date of enactment of  
21 this chapter.”; and

22 (B) by inserting the following at the end:

23 “(10) ‘Year one’ means the next Federal fiscal  
24 year to begin after the date of enactment of the Pas-  
25 senger Rail Investment Reform Act, except that the

1 term means the current Federal fiscal year if the  
2 date of enactment of the Act is within 60 days of  
3 the first day of the current Federal fiscal year.

4 “(11) ‘Year two’, ‘year three’, ‘year four’, ‘year  
5 five’, and ‘year six’ mean, respectively, the Federal  
6 fiscal year that follows year one by one, two, three,  
7 four, and five years, respectively.”.

8 **SEC. 103. NORTH EAST CORRIDOR COMPACT.**

9 (a) CONSENT TO COMPACT.—(1) The States and Dis-  
10 trict that constitute the Northeast Corridor, as defined in  
11 49 U.S.C. 24102, may enter into an agreement, not in  
12 conflict with a law of the United States and titled the  
13 “North East Corridor Compact”, to provide passenger rail  
14 service and to conduct related activities in the Northeast  
15 Corridor.

16 (2) The North East Corridor Compact shall be sub-  
17 mitted to Congress for its consent, and it is the sense of  
18 Congress that rapid consent to the Compact shall be a  
19 priority of Congress.

20 (b) COMPACT COMMISSION.—(1) There is hereby es-  
21 tablished a commission to be known as the “North East  
22 Corridor Compact Commission (hereinafter referred to in  
23 this section as the ‘Commission’)”. The Commission shall  
24 be composed of five members as follows:

1 (A) Two members (or their designees), to be se-  
2 lected by the Secretary of Transportation.

3 (B) Two members (or their designees), to be se-  
4 lected by agreement of the following government rep-  
5 resentatives:

6 (i) The governors of Maryland, Delaware,  
7 Pennsylvania, New Jersey, New York, Con-  
8 necticut, Rhode Island, and Massachusetts.

9 (ii) The mayor of the District of Columbia.

10 (C) One member to be selected by the four  
11 members selected under paragraphs (1) and (2) of  
12 this subsection.

13 (2) The following applies to the Commission:

14 (A) Members shall be appointed for the life of  
15 the Commission.

16 (B) A vacancy in the Commission shall be filled  
17 in the manner in which the original appointment was  
18 made.

19 (C) Members shall serve without pay but shall  
20 receive travel expenses, including per diem in lieu of  
21 subsistence, in accordance with sections 5702 and  
22 5703 of title 5, United States Code.

23 (D) The Chairman of the Commission shall be  
24 elected by the members.

1           (E) The Commission may appoint and fix the  
2       pay of such personnel as it considers appropriate.

3           (F) Upon request of the Commission, the head  
4       of any department or agency of the United States  
5       may detail, on a reimbursable basis, any of the per-  
6       sonnel of that department or agency to the Commis-  
7       sion to assist it in carrying out its duties under this  
8       section.

9           (G) Upon the request of the Commission, the  
10      Administrator of General Services shall provide to  
11      the Commission, on a reimbursable basis, the admin-  
12      istrative support services necessary for the Commis-  
13      sion to carry out its responsibilities under this sec-  
14      tion.

15      (c) FUNCTIONS.—(1) The Commission shall prepare  
16      for the consideration of and adoption by participating  
17      States, the District of Columbia, and the Secretary of  
18      Transportation an interstate compact that provides for the  
19      following:

20           (A) Full authority for 99 years to succeed to  
21      the responsibilities of the National Railroad Pas-  
22      senger Corporation as operator of the Northeast  
23      Corridor, subject to the provisions of a lease from  
24      the Department of Transportation.

1           (B) Execution of a lease of the Northeast Cor-  
2           ridor from the Department of Transportation, for a  
3           period of 99 years, subject to appropriate provisions  
4           protecting the lessor's interests, including reversion  
5           of all lease interests to the lessor in the event the  
6           lessee fails to meet its financial obligations or other-  
7           wise assume financial responsibility for Northeast  
8           Corridor functions.

9           (C) Responsibility for Corridor maintenance  
10          and improvement.

11          (D) Operation of intercity passenger rail serv-  
12          ice.

13          (E) Arrangements for operation of freight rail-  
14          road operations and commuter operations.

15          (F) Assumption of financial responsibility for  
16          Northeast Corridor functions.

17          (G) Authority to make use of the Corridor for  
18          non-rail purposes.

19          (H) Participation by the Department of Trans-  
20          portation, as the non-voting representative of the  
21          United States.

22          (2) The compact terms shall, at a minimum, conform  
23          to the requirements of subsections (e) through (i) of this  
24          section.

1 (d) FINAL COMPACT PROPOSAL.—(1) The Commis-  
2 sion shall submit a final compact proposal to member  
3 States, the District of Columbia, and the Federal Govern-  
4 ment not later than the last day of Year One.

5 (2) The Commission shall terminate on the 180th day  
6 following the date of transmittal of the final compact pro-  
7 posal under this subsection. All records and papers of the  
8 Commission shall thereupon be delivered by the Adminis-  
9 trator of General Services for deposit in the National Ar-  
10 chives.

11 (e) GOVERNANCE AND FUNDING REQUIREMENTS  
12 FOR COMPACT.—(1) The governance provisions of the  
13 compact shall provide a mechanism to ensure voting rep-  
14 resentation for the States, Commonwealths, and District  
15 that comprise the Northeast Corridor, and non-voting rep-  
16 resentation for the Secretary of Transportation as an ex  
17 officio member participating in all Compact affairs.

18 (2) The provisions of the compact shall establish the  
19 financial obligations of each compact member and shall  
20 provide for its management of rail services in the Cor-  
21 ridors.

22 (f) EMPLOYEE INTEREST REQUIREMENTS FOR COM-  
23 PACT.—The employee provisions of the compact shall, at  
24 a minimum, provide the following with regard to employ-  
25 ees in the Northeast Corridor if the Compact chooses to

1 replace the successor corporations for operation and main-  
2 tenance of the physical plant or operation of passenger  
3 trains, or both:

4 (1) Payment of any labor protection payments  
5 owed and not paid by the successor corporations es-  
6 tablished under 49 U.S.C. 24310(b).

7 (2) In the case of an employee who is employed  
8 by the National Railroad Passenger Corporation on  
9 the date of enactment of the Passenger Rail Invest-  
10 ment Reform Act and who accepts employment by a  
11 successor corporation, a right of first refusal to ac-  
12 cept a substantially similar position with the replace-  
13 ment operator when the successor corporation is re-  
14 placed.

15 (g) FEDERAL INTEREST REQUIREMENTS FOR COM-  
16 PACT.—The provisions of the Compact shall hold the  
17 United States Government harmless as to the actions of  
18 the Compact under the lease of rights to the Northeast  
19 Corridor by the United States Government.

20 (h) COMPACT BORROWING AUTHORITY.—(1) The  
21 borrowing authority provisions of the compact may au-  
22 thorize the compact to issue bonds or other debt instru-  
23 ments from time to time in its discretion, for purposes  
24 that include paying any part of the cost of rail service im-  
25 provements, construction, and rehabilitation and the ac-

1   quisition of real and personal property, including oper-  
2   ating equipment, except that debt issued by the compact  
3   may be secured only by revenues to the compact and may  
4   not be a debt of the member States or of the Federal Gov-  
5   ernment.

6       (2) The debt authorized by this subsection shall  
7   under no circumstances be backed by the full faith and  
8   credit of the United States, and a grant made under the  
9   authority of this Act or under the authority of Part C of  
10   Subtitle V of title 49, United States Code, shall include  
11   an express acknowledgement by the grantee that the debt  
12   does not constitute an obligation of the United States.

13       (i) ADOPTION OF COMPACT; TURNOVER.—(1) The  
14   members shall adopt a final compact agreement not later  
15   than the last day of Year Two, and the compact shall  
16   thereafter assume responsibility for all Corridor oper-  
17   ations from the successor corporations on a date that is  
18   not later than 8 months following adoption of the compact,  
19   which date shall be known as the “NEC turnover date”.

20       (2) In the event that the members do not adopt the  
21   final compact agreement and make it operational under  
22   the schedule set forth in this section, the Secretary of  
23   Transportation shall assume control of the entity specified  
24   by 49 U.S.C. 24310(b)(2)(A) and shall make such legisla-  
25   tive recommendations as the President judges necessary

1 and expedient to Congress that address the monetary con-  
2 tributions by Northeast Corridor States and the District  
3 of Columbia that would be necessary to provide continued  
4 intercity passenger rail service in the Northeast Corridor.

5 (j) AUTHORIZATION OF APPROPRIATIONS.—There  
6 are authorized such sums as may be necessary to carry  
7 out the purposes of this section.

8 **SEC. 104. ASSISTANCE TO ADDRESS CAPITAL NEEDS.**

9 (a) IN GENERAL.—There are authorized to be appro-  
10 priated to the Secretary of Transportation, for capital ex-  
11 penditures in compliance with capital spending plans de-  
12 veloped under section 202 of this Act, including the Sec-  
13 retary's expenses related thereto, the following amounts:

14 (1) Such sums as may be necessary for Year  
15 Three.

16 (2) Such sums as may be necessary for Year  
17 Four.

18 (3) Such sums as may be necessary for Year  
19 Five.

20 (4) Such sums as may be necessary for Year  
21 Six.

22 (b) OBLIGATION OPTIONS.—(1) Subject to paragraph  
23 (2), the Secretary may obligate the funds authorized by  
24 this section through grants to or cooperative agreements  
25 with States, the Passenger Rail Service Provider, the

1 North East Corridor Compact or another qualified Com-  
 2 pact, or through contracts with private companies.

3 (2) Funds appropriated under this section shall not  
 4 be obligated and not be disbursed from the Treasury for  
 5 the North East Corridor Compact until it has been estab-  
 6 lished and is empowered and qualified to enter into con-  
 7 tracts for the expenditure of the funds.

8 (c) ELIGIBILITY OF EXPENDITURES.—(1) The Fed-  
 9 eral share of expenditures for capital improvements under  
 10 this section may be not more than 100 percent and is sole-  
 11 ly authorized for the purpose of funding deferred mainte-  
 12 nance, safety and security projects. Expenditures for ca-  
 13 pacity expansion are not authorized by this section.

14 (2) Funds appropriated under this section may be ob-  
 15 ligated for an expenditure only if the Secretary has deter-  
 16 mined in writing that the expenditure on any railroad in-  
 17 frastructure investments is limited to a route or routes  
 18 with a useful life of at least 5 years.

19 **SEC. 105. EMPLOYEE TRANSITION ASSISTANCE; AUTHOR-**  
 20 **IZATION.**

21 (a) PROVISION OF FINANCIAL INCENTIVES.—To fa-  
 22 cilitate the restructuring required by this title, the Sec-  
 23 retary is authorized to develop a program under which the  
 24 Secretary may, in the Secretary's discretion, provide  
 25 grants for financial incentives to be provided to employees

1 of the National Railroad Passenger Corporation who vol-  
2 untarily terminate their employment with the Corporation  
3 or the successor corporations and relinquish any legal  
4 rights to receive termination-related payments under any  
5 contractual agreement with the Corporation or the suc-  
6 cessor corporations.

7 (b) CONDITIONS FOR FINANCIAL INCENTIVES.—As a  
8 condition for receiving financial assistance grants under  
9 this section, the Corporation or the successor corporations  
10 must certify that—

11 (1) the financial assistance results in a net re-  
12 duction in the total number of employees equal to  
13 the number receiving financial incentives;

14 (2) the financial assistance results in a net re-  
15 duction in total employment expense equivalent to  
16 the total employment expenses associated with the  
17 employees receiving financial incentives; and

18 (3) the total number of employees eligible for  
19 termination-related payments will not be increased  
20 without the express written consent of the Secretary.

21 (c) AMOUNT OF FINANCIAL INCENTIVES.—The fi-  
22 nancial incentives authorized under this section may be  
23 no greater than \$50,000.00 per employee.

24 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
25 are hereby authorized to the Secretary such sums as may

1 be necessary to make grants to the National Railroad Pas-  
 2 senger Corporation or the successor corporation to fund  
 3 termination-related payments to employees under existing  
 4 contractual agreements until four years from the first day  
 5 of Year One.

6 **SEC. 106. LIMIT ON OPERATING ASSISTANCE FOR LONG-**  
 7 **DISTANCE ROUTES.**

8 (a) IN GENERAL.—Title 49, United States Code, is  
 9 amended by inserting the following after section 24315:  
 10 **“§ 24316. Limit on operating assistance for long-dis-**  
 11 **tance routes**

12 “(a) GENERAL AUTHORITY.—(1) After the last day  
 13 of Year One, the Secretary of Transportation may make  
 14 grants for operating assistance under the authority of this  
 15 section, and not under any other provision of law, to reim-  
 16 burse operators of long-distance routes, as defined in sec-  
 17 tion 24102, and corridor feeder routes for the operating  
 18 expenses incurred in operating those routes to provide  
 19 intercity passenger rail transportation.

20 “(2) The Secretary shall require that a grant under  
 21 this section be subject to the terms, conditions, require-  
 22 ments, and provisions the Secretary decides are necessary  
 23 or appropriate for the purposes of this section, including  
 24 the definition of eligible expenses and the documentation  
 25 of eligible operating losses on a quarterly basis.

1 “(b) FEDERAL SHARE OF OPERATING EXPENSES.—

2 (1) No funds appropriated under this Part shall be used  
3 to fund operating expenses of a long distance route after  
4 the last day of Year One, except as provided in paragraph  
5 (2) of this subsection.

6 “(2) Funds appropriated under this section may be  
7 used to reimburse the operator of a long-distance route  
8 or a corridor feeder route for operating expenses on that  
9 route provided that amounts reimbursed do not exceed the  
10 operating losses on the route and do not constitute a reim-  
11 bursement per passenger mile greater than—

12 “(A) \$0.40 during Year Two;

13 “(B) \$0.20 during Year Three;

14 “(C) \$0.10 during Year Four; and

15 “(D) \$0.00 for each year thereafter.

16 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
17 are authorized to be appropriated to the Secretary such  
18 sums as may be necessary to carry out this section, includ-  
19 ing the Secretary’s expenses related thereto.”

20 (b) CONFORMING AMENDMENTS.—(1) The analysis  
21 of chapter 243 of title 49, United States Code, is amended  
22 by inserting the following after the item relating to section  
23 24315:

“24316. Limit on operating assistance for long-distance routes.”.

24 (2) Section 24102 (Definitions) of title 49, United  
25 States Code, is amended—

1 (A) by inserting the following after section  
2 24102(4):

3 “(4a) ‘corridor feeder route’ means a portion of  
4 a long distance train or route that provides services  
5 between regional corridors by connecting to  
6 endpoints of the corridors.”; and

7 (B) by inserting the following after section  
8 24102(5a), as added by this Act:

9 “(5b) ‘long distance train’ or ‘long distance  
10 route’ means one of or a portion of the following  
11 trains or routes operated by the National Railroad  
12 Passenger Corporation on the date of enactment of  
13 this section: the Silver Star, the Three Rivers, the  
14 Cardinal, the Silver Meteor, the Empire Builder, the  
15 Capitol Limited, the California Zephyr, the South-  
16 west Chief, the City of New Orleans, the Texas  
17 Eagle, the Sunset Limited, the Coast Starlight, the  
18 Lake Shore Limited, the Palmetto, the Crescent, the  
19 Pennsylvanian, and the Auto Train.”.

20 **SEC. 107. REPEAL OF OBSOLETE AND EXECUTED PROVI-**  
21 **SIONS OF LAW; OTHER.**

22 (a) IN GENERAL.—Title 49, United States Code, is  
23 amended by repeal of the following sections:

24 (1) Section 24701 (Operation of basic system).

25 (2) Section 24706 (Discontinuance).

1           (3) Section 24901 (Definitions).

2           (4) Section 24902 (Goals and Requirements).

3           (5) Section 24904 (General Authority).

4           (6) Section 24906 (Eliminating highway at-  
5       grade crossings).

6           (7) Section 24909 (Authorization of appropria-  
7       tions).

8       (b) REVISIONS TO SECTION 24305.—(1) Section  
9       24305 (a) is amended by striking paragraph (2) and re-  
10      numbering paragraph (3) as paragraph (2).

11       (2) Section 24305(b) is amended by striking para-  
12      graph (4) and renumbering paragraph (5) as paragraph  
13      (4) and paragraph (6) as paragraph (5).

14       (3) Subsection 24305(f)(2) is amended by inserting  
15      before the word “Amtrak”, the following “With regard to  
16      items acquired with funds provided by the Federal Govern-  
17      ment,”.

18       (c) CONFORMING AMENDMENT.—The analysis of  
19      chapters 243, 247, and 249 are amended by deleting, as  
20      appropriate, items relating to the following sections:  
21      24307, 24701, 24706, 24901, 24902, 24904, 24906,  
22      24908, and 24909.

23       (d) EFFECTIVE DATE.—The effective date of this  
24      section is the first day of Year One.

## 1   **TITLE II—FINANCIAL REFORMS**

### 2   **SEC. 201. LIMITATIONS ON AVAILABILITY OF GRANTS.**

3       (a) IN GENERAL.—Title 49, United States Code, is  
4 amended by inserting the following after section 24313:

5   **“§ 24314. Transitional limitations on availability of**  
6               **grants**

7       “(a) REQUIREMENTS PRIOR TO RESTRUCTURING.—  
8 A grant made to the National Railroad Passenger Cor-  
9 poration under the authority of Part C of Subtitle V of  
10 this title between the first day of Year One, and the estab-  
11 lishment and commencement of operations by the suc-  
12 cessor corporations under section 24310 of this title may  
13 only be made subject to the following limitations:

14               “(1) The Secretary of Transportation shall not  
15 disburse funding to cover operating losses on a long-  
16 distance train route without first receiving and ap-  
17 proving a grant request for that specific train route.

18               “(2) Each such grant request shall be accom-  
19 panied by a detailed financial analysis and revenue  
20 projection justifying the Federal support to the Sec-  
21 retary’s satisfaction.

22               “(3) The Secretary of Transportation and the  
23 Board of Directors of the Corporation shall ensure  
24 that, of the amount made available by appropria-  
25 tions for capital and operating assistance to the Cor-

1       poration in a fiscal year, sufficient sums are re-  
2       served to satisfy the contractual obligations of the  
3       Corporation to provide commuter and intrastate pas-  
4       senger rail service.

5           “(4) Not later than December 31 prior to each  
6       fiscal year in which grants are made to the Corpora-  
7       tion, the Corporation shall transmit to the Secretary  
8       of Transportation, the Committee on Commerce,  
9       Science, and Transportation of the Senate, the Com-  
10      mittee on Transportation and Infrastructure of the  
11      House, and the House and Senate Committees on  
12      Appropriations a business plan for operating and  
13      capital improvements to be funded in the fiscal year  
14      under section 24104(a) of title 49, United States  
15      Code.

16           “(5) The business plan shall include a descrip-  
17      tion of the work to be funded, along with cost esti-  
18      mates and an estimated timetable for completion of  
19      the projects covered by the business plan.

20           “(6) Each month of each fiscal year in which  
21      grants are made to the Corporation, the Corporation  
22      shall submit to the Secretary of Transportation, the  
23      Committee on Commerce, Science, and Transpor-  
24      tation of the Senate, the Committee on Transpor-  
25      tation and Infrastructure of the House, and the

1 House and Senate Committees on Appropriations a  
2 supplemental report regarding the business plan,  
3 which shall describe the work completed to date, any  
4 changes to the business plan, and the reasons for  
5 such changes.

6 “(7) A grant may not be used for operating ex-  
7 penses or capital projects that is not approved by  
8 the Secretary of Transportation or an element of the  
9 Corporation’s current fiscal year business plan, or  
10 that is obligated or expended unless the Corporation  
11 certifies, as part of the grant agreement, that it has  
12 complied with and will abide by the following re-  
13 quirements:

14 “(A) The Corporation’s management will  
15 maintain financial controls and accounting  
16 transparency to the satisfaction of the Sec-  
17 retary, including developing or enhancing any  
18 existing capacity separately to report (a) all  
19 revenue and expenses associated with rail oper-  
20 ations by route; and (b) budgeted and actual  
21 expenditures for all capital investments.

22 “(B) The Corporation’s management will  
23 provide to the Board of Directors, the Depart-  
24 ment of Transportation and Congress its  
25 Monthly Performance Report. The Corporation

1           shall also make available to the Department of  
2           Transportation the same details and reports on  
3           its financial performance that it makes avail-  
4           able to Amtrak management, at the same time  
5           that it provides those reports and details to  
6           Amtrak management.

7           “(C) The Corporation shall expend funds  
8           only for the continuation of existing plants and  
9           services. With the exception of expenditures for  
10          which it obtains written approval from the De-  
11          partment of Transportation, The Corporation  
12          will not use of any of its funds for actual ex-  
13          pansion or planning for expansion of rail serv-  
14          ice, including high speed rail service.

15          “(D) The Corporation has negotiated with  
16          its employees substantial operating cost reduc-  
17          tions needed to make its operations competitive  
18          with private-sector service providers.

19          “(b)    REQUIREMENTS    FOLLOWING    RESTRUC-  
20    TURING.—Any grant made directly to either of the suc-  
21    cessor corporations under the authority of Part C of Sub-  
22    title V of this title may only be made subject to the fol-  
23    lowing limitations:

24               “(1) The Secretary of Transportation shall not  
25               disburse funding to cover operating losses on a long-

1 distance train route without first receiving and ap-  
2 proving a grant request for that specific train route.

3 “(2) Each such grant request shall be accom-  
4 panied by a detailed financial analysis and revenue  
5 projection justifying the Federal support to the Sec-  
6 retary’s satisfaction.

7 “(3) The Secretary of Transportation shall en-  
8 sure that, of the amount made available by appro-  
9 priations for capital and operating assistance in a  
10 fiscal year, sufficient sums are reserved to satisfy  
11 the successor corporation’s contractual obligations, if  
12 any, with respect to commuter and intrastate pas-  
13 senger rail service.

14 “(4) Not later than December 31 prior to each  
15 fiscal year in which grants are made, the successor  
16 corporations shall each transmit to the Secretary of  
17 Transportation a business plan for operating and  
18 capital improvements to be funded in the fiscal year.

19 “(5) The business plan shall include a descrip-  
20 tion of the work to be funded, along with cost esti-  
21 mates and an estimated timetable for completion of  
22 the projects covered by the business plan.

23 “(6) Each month of each fiscal year in which  
24 grants are made, the successor corporations shall  
25 each submit to the Secretary of Transportation a

1 supplemental report regarding the business plan,  
2 which shall describe the work completed to date, any  
3 changes to the business plan, and the reasons for  
4 such changes.

5 “(7) A grant may not be used for operating ex-  
6 penses or capital projects that is not approved by  
7 the Secretary of Transportation or an element of the  
8 current fiscal year business plan, or that is obligated  
9 or expended unless the successor corporation agrees,  
10 as part of the grant agreement, to abide by the fol-  
11 lowing requirements:

12 “(A) Management will maintain financial  
13 controls and accounting transparency to the  
14 satisfaction of the Secretary, including devel-  
15 oping or enhancing any existing capacity sepa-  
16 rately to report (a) all revenue and expenses as-  
17 sociated with rail operations by route; and (b)  
18 budgeted and actual expenditures for all capital  
19 investments.

20 “(B) Management of each successor cor-  
21 poration shall make available to the Depart-  
22 ment of Transportation the same details and  
23 reports on its financial performance that it  
24 makes available internally, at the same time

1           that it provides those reports and details inter-  
2           nally.

3           “(C) Funds will be spent only on existing  
4           plants and services.”.

5           (b) CONFORMING AMENDMENTS.—The analysis of  
6 chapter 243 of title 49, United States Code, is amended  
7 by inserting the following after the item relating to section  
8 24313:

“24314. Transitional limitations on availability of grants.”.

9   **SEC. 202. SPENDING PLANS FOR CAPITAL BACKLOG RE-**  
10                           **DUCTION.**

11          (a) IN GENERAL.—Within 6 months after Year One  
12 begins, and as a condition of grants to the National Rail-  
13 road Passenger Corporation between that date and the im-  
14 plementation of the restructuring required under 49  
15 U.S.C. 24310, the Corporation shall prepare a capital  
16 spending plan that addresses capital needs, consistent  
17 with the funding levels authorized to be provided for Year  
18 One and each fiscal year thereafter through Year Six,  
19 for—

- 20           (1) Northeast Corridor capital assets;
- 21           (2) capital assets on long-distance routes other  
22           than on the Northeast Corridor; and
- 23           (3) capital assets on short-distance routes other  
24           than the Northeast Corridor.

1 (b) APPROVAL BY THE SECRETARY AND THE COM-  
2 PACT.—(1) The Corporation shall submit the capital  
3 spending plan prepared under this section to the Secretary  
4 of Transportation for review and approval. The plan shall  
5 be implemented only after approval by the Secretary, and  
6 with any modifications specified by the Secretary.

7 (2) The Secretary of Transportation shall require  
8 that the plan be updated at least annually.

9 (3) On and after creation of North East Corridor  
10 Compact, the Secretary shall make no grants to the Com-  
11 pact for Northeast Corridor for capital investments, except  
12 in accordance with a capital spending plan prepared by  
13 the Compact and approved by both the Compact and the  
14 Secretary. The same requirements shall apply to grants  
15 made to States and other Compacts under this section.

16 **SEC. 203. REDEMPTION OF COMMON STOCK.**

17 (a) VALUATION.—The Secretary of Transportation  
18 shall arrange, at the National Railroad Passenger Cor-  
19 poration's expense, for a valuation of all assets and liabil-  
20 ities of the Corporation to be performed by the Secretary  
21 of the Treasury, or by a contractor selected by the Sec-  
22 retary of the Treasury. Such valuation shall be conducted  
23 in accordance with criteria and requirements to be deter-  
24 mined by the Secretary, in the Secretary's discretion, and  
25 shall be completed within 6 months after Year One begins.

1 (b) REDEMPTION.—(1) Prior to the transfer of assets  
2 to the Secretary directed by section 204 of this Act, and  
3 within 9 months after Year One begins, the Corporation  
4 shall redeem all common stock in the Corporation issued  
5 prior to the date of enactment of this Act at the book  
6 value of such stock, based on the valuation performed  
7 under subsection (a).

8 (2) No provision of this Act, or amendments made  
9 by this Act, provide to the owners of the common stock  
10 a priority over holders of indebtedness or other stock of  
11 the Corporation.

12 (c) ACQUISITION THROUGH EMINENT DOMAIN.—In  
13 the event that the Corporation and the owners of its com-  
14 mon stock have not completed the redemption of such  
15 stock by a date that is within 9 months after Year One  
16 begins, the Corporation shall exercise the eminent domain  
17 provisions contained in 49 U.S.C. 24311, as amended by  
18 this Act, to acquire that stock. The valuation performed  
19 under subsection (a) shall be deemed to constitute just  
20 compensation except to the extent that the owners of the  
21 common stock demonstrate that the valuation is less than  
22 the constitutional minimum value of the stock.

23 (d) AMENDMENT OF 49 U.S.C. 24311.—Section  
24 24311 of title 49, United States Code, is amended—

1 (1) by striking “or” at the end of subsection

2 (a)(1)(A);

3 (2) by striking the period at the end of sub-

4 section (a)(1)(B) and substituting “; or”; and

5 (3) by inserting the following after subsection

6 (a)(1)(B):

7 “(C) necessary to redeem the Corporation’s

8 common stock from any holder thereof, includ-

9 ing a rail carrier.”.

10 (e) CONVERSION OF PREFERRED STOCK TO COM-

11 MON.—(1) Subsequent to the redemption of the common

12 stock in the Corporation issued prior to the date of enact-

13 ment of this Act, the Secretary of Transportation shall

14 convert the one share of the preferred stock of the Cor-

15 poration retained under section 204 of this Act for ten

16 shares of common stock in the Corporation.

17 (2) The Corporation shall not issue any other com-

18 mon stock without the express written consent of the Sec-

19 retary.

20 **SEC. 204. RETIREMENT OF PREFERRED STOCK; TRANSFER**

21 **OF ASSETS.**

22 (a) TRANSFER.—Not later than 30 days after the re-

23 demption or acquisition specified under section 203 of this

24 Act, the Corporation shall, in return for the consideration

1 specified in subsection (c), transfer to the Secretary of  
2 Transportation title to the following assets:

3           (1) The portions of the Northeast Corridor cur-  
4           rently owned or leased by the Corporation as well as  
5           any improvements made to these assets. The assets  
6           transferred to the Secretary shall include the rail  
7           right-of-way, stations, track, signal equipment, elec-  
8           tric traction facilities, bridges, tunnels and all other  
9           improvements owned by Amtrak between Boston,  
10          Massachusetts and Washington, District of Colum-  
11          bia (including the route through Springfield, Massa-  
12          chusetts and the routes to Harrisburg, Pennsylvania  
13          and Albany, New York from the Northeast Corridor  
14          mainline).

15          (2) Chicago Union Station and rail-related as-  
16          sets in the Chicago metropolitan area.

17          (3) All other track and right-of-way, stations,  
18          repair facilities and other real property owned or  
19          leased by the Corporation.

20          (b) EXISTING ENCUMBRANCES.—(1) With regard to  
21          any assets described in subsection (a) that the Corporation  
22          has provided as security or collateral for a debt entered  
23          into prior to the date of enactment of this Act, the Cor-  
24          poration shall transfer its underlying legal interest in such  
25          asset to the Secretary, provided, however, that the Cor-

1 poration shall remain liable for the debt secured by the  
2 asset.

3 (2) The obligation of the National Railroad Pas-  
4 senger Corporation to repay in full any indebtedness to  
5 the United States incurred since January 1, 1990, is not  
6 affected by this Act or an amendment made by this Act.

7 (c) CONSIDERATION.—In consideration for the assets  
8 transferred to the United States under subsection (b)  
9 above, the Secretary shall—

10 (1) deliver to the Corporation all but one share  
11 of the preferred stock of the Corporation held by the  
12 Secretary and forgive the Corporation's legal obliga-  
13 tion to pay any dividends, including accrued but un-  
14 paid dividends as of the date of transfer, evidenced  
15 by the preferred stock certificates; and

16 (2) Release the Corporation from all mortgages  
17 and liens held by the Secretary that were in exist-  
18 ence on January 1, 1990.

19 (d) AGREEMENT.—(1) Prior to accepting title to the  
20 assets transferred under this section, the Secretary shall  
21 enter into an agreement with the Corporation under which  
22 the Corporation will exercise on behalf of the Secretary  
23 care, custody and control of the assets to be transferred.

24 (2) The agreement shall identify in detail the specific  
25 functions of the Corporation's employees and equipment,

1 and the specific numbers and locations of the employees  
2 and equipment associated with each function, that would  
3 be needed for continuation of commuter and freight rail  
4 service in the event that the Corporation were to cease  
5 operation, and identify those actions that would be re-  
6 quired to ensure that such functions can be continued on  
7 an interim basis to avoid any interruption in commuter  
8 or freight rail service on the Northeast Corridor.

9 (e) FURTHER TRANSFERS.—(1) The Secretary may,  
10 for appropriate consideration, transfer title to all or part  
11 of Chicago Union Station and rail-related assets in the  
12 Chicago metropolitan area acquired under this section to  
13 a regional public transportation agency that has signifi-  
14 cant operations in Chicago Union Station on the date of  
15 enactment of this Act.

16 (2) The Secretary may, for appropriate consideration,  
17 transfer to the underlying States title to real estate prop-  
18 erties owned by the Corporation between Boston, Massa-  
19 chusetts and Washington, District of Columbia that con-  
20 stitute the route through Springfield, Massachusetts and  
21 the routes to Harrisburg, Pennsylvania and Albany, New  
22 York from the Northeast Corridor mainline.

23 (3) The Secretary may, for appropriate consideration,  
24 transfer title to all or part of the assets acquired under

1 subsection (a)(3) to a State, a public agency, a railroad,  
2 or other entity deemed appropriate by the Secretary.

3 (4) All financial consideration determined by the Sec-  
4 retary to be appropriate consideration for the transfer of  
5 the assets described in paragraphs (1)–(3) shall be used  
6 exclusively to reduce the Corporation’s long-term debt that  
7 exists on the date of enactment.

8 **SEC. 205. REAL ESTATE AND ASSET SALES; OTHER.**

9 (a) IN GENERAL.—The Amtrak Board of Directors  
10 shall undertake and complete not later than the last day  
11 of Year Three, the disposition of all stations, track, and  
12 other facilities outside the Northeast Corridor mainline,  
13 including property conveyed to the Secretary of Transpor-  
14 tation under section 204 of this Act.

15 (b) PROCEEDS OF LIQUIDATION.—Notwithstanding  
16 section 3302 of title 31, United States Code, any proceeds  
17 from the liquidation of assets under this section shall—

18 (1) be credited as an offsetting collection to the  
19 account that finances grants for debt and interest  
20 payments under section 206 of this Act to the Pas-  
21 senger Rail Service Provider specified under 49  
22 U.S.C. 24310; and

23 (2) remain available until expended.

1 **SEC. 206. MANAGEMENT AND TRANSFER OF SECURED**  
2 **DEBT.**

3 (a) NEW DEBT PROHIBITION.—Except as approved  
4 by the Secretary of Transportation to re-finance existing  
5 secured debt, the Corporation shall not enter into any obli-  
6 gation secured by assets of the Corporation after the date  
7 of enactment of this Act. This section does not prohibit  
8 unsecured lines of credit used by the Corporation or any  
9 subsidiary for working capital purposes.

10 (b) SECURED DEBT TRANSFER.—(1) Upon establish-  
11 ment of the Passenger Rail Service Provider specified  
12 under 49 U.S.C. 24310 and the transfer of ownership of  
13 the existing rolling stock, all debt secured by the rolling  
14 stock shall be transferred to and become a liability solely  
15 of, the Passenger Rail Service Provider.

16 (2) Upon establishment of the North East Corridor  
17 Compact under section 103 of this Act, the secured debt  
18 associated with fixed assets in the Northeast Corridor  
19 shall be transferred to and become a liability solely of, the  
20 North East Corridor Compact.

21 (c) AUTHORIZATION.—(1) There are authorized to be  
22 appropriated to the Secretary for grants to the Passenger  
23 Rail Service Provider to pay principal and interest pay-  
24 ments on secured debt existing on the date of enactment  
25 of this Act the following amounts:

1           (A) Such sums as may be necessary in Year  
2       Two.

3           (B) Such sums as may be necessary in Year  
4       Three.

5           (C) Such sums as may be necessary in Year  
6       Four.

7           (D) Such sums as may be necessary in Year  
8       Five.

9           (E) Such sums as may be necessary in Year  
10      Six.

11       (2) The funding authorized by this section shall  
12   not—

13           (A) modify the extent or nature of any indebt-  
14      edness of the National Railroad Passenger Corpora-  
15      tion to the United States in existence of the date of  
16      enactment of this Act;

17           (B) change the private nature of Amtrak's or  
18      its successors' liabilities; or

19           (C) imply any Federal guarantee or commit-  
20      ment to amortize Amtrak's outstanding indebted-  
21      ness.

22   **SEC. 207. TRANSITION ASSISTANCE.**

23       (a) YEAR ONE ASSISTANCE.—There are authorized  
24   to be appropriated to the Secretary for grants to the Na-  
25   tional Railroad Passenger Corporation for operating and

1 capital expenses such sums as may be necessary in Year  
2 One.

3 (b) YEAR TWO SUCCESSOR CORPORATION OPER-  
4 ATING ASSISTANCE.—There are authorized to be appro-  
5 priated to the Secretary such sums as may be necessary  
6 for grants to—

7 (1) the Passenger Rail Service Provider for op-  
8 erating expenses of all services except long-distance  
9 trains and routes in Year Two; and

10 (2) the Passenger Rail Infrastructure Manager  
11 for capital expenses in Year Two.

12 (c) ADMINISTRATIVE EXPENSES OF COMPACTS.—  
13 There are authorized to be appropriated to the Secretary  
14 such sums as may be necessary for grants for the adminis-  
15 trative expenses of interstate compacts in Years One  
16 through Three.

17 (d) EXPENSES OF AMTRAK.—There are authorized to  
18 be appropriated to the Secretary such sums as may be  
19 necessary for grants for the administrative expenses of  
20 Amtrak in Years Two through Six..

21 (e) GRANTS MADE AFTER YEAR TWO.—After the  
22 last day of Year Two, the Secretary may not enter into  
23 a grant agreement under this Act, other than section  
24 206(c), or part C of Title V of title 49, United States

1 Code, unless each other party to the grant agreement is  
 2 a State, regional compact, or other public entity.

3 **TITLE III—GRANTS AND OTHER**  
 4 **ASSISTANCE FOR INTERCITY**  
 5 **PASSENGER RAIL SERVICE**

6 **SEC. 301. CAPITAL ASSISTANCE FOR INTERCITY PAS-**  
 7 **SENGER RAIL SERVICE.**

8 (a) Part C of Subtitle V of title 49, United States  
 9 Code, is amended by inserting the following after chapter  
 10 243:

11 **“CHAPTER 244—INTERCITY PASSENGER**  
 12 **RAIL SERVICE CORRIDOR CAPITAL AS-**  
 13 **SISTANCE**

14 **“§ 24401. Definitions; effective date**

15 “(a) DEFINITIONS.—In this chapter—

16 “(1) ‘applicant’ means a State, an Interstate  
 17 Compact (including the North East Corridor Com-  
 18 pact as specified in section 103 of the Passenger  
 19 Rail Investment Reform Act), or a public agency es-  
 20 tablished by one or more States and having responsi-  
 21 bility for providing intercity passenger rail service.

22 “(2) ‘capital project’ means a project within a  
 23 corridor plan or program for—

24 “(A) acquiring, constructing, supervising  
 25 or inspecting equipment or a facility for use in

1           intercity passenger rail service, expenses inci-  
2           dental to the acquisition or construction (in-  
3           cluding designing, engineering, location sur-  
4           veying, mapping, environmental studies, and ac-  
5           quiring rights-of-way), payments for the capital  
6           portions of rail trackage rights agreements,  
7           passenger rail-related intelligent transportation  
8           systems, highway-rail grade crossing improve-  
9           ments on routes used for intercity passenger  
10          rail service, relocation assistance, acquiring re-  
11          placement housing sites, and acquiring, con-  
12          structing, relocating, and rehabilitating replace-  
13          ment housing;

14               “(B) rehabilitating, remanufacturing or  
15               overhauling rail rolling stock and facilities used  
16               primarily in intercity passenger rail service; and

17               “(C) the first-dollar liability costs for in-  
18               surance related to the provision of intercity pas-  
19               senger rail service.

20               “(3) ‘intercity passenger rail service’ means  
21               transportation services with the primary purpose of  
22               passenger transportation between towns, cities and  
23               metropolitan areas by rail, including high-speed rail.

24               “(b) EFFECTIVE DATE.—This chapter is effective on  
25               the first day of Year Two.

1   **“§ 24402. Capital investment grants to support inter-**  
2                   **city passenger rail service**

3           “(a) GENERAL AUTHORITY.—(1) The Secretary of  
4 Transportation may make grants under this section to an  
5 applicant to assist in financing the capital costs of facili-  
6 ties and equipment necessary to provide intercity pas-  
7 senger rail transportation.

8           “(2) The Secretary shall require that a grant under  
9 this section be subject to the terms, conditions, require-  
10 ments, and provisions the Secretary decides are necessary  
11 or appropriate for the purposes of this section, including  
12 requirements for the disposition of net increases in value  
13 of real property resulting from the project assisted under  
14 this section.

15          “(3) A grant under this section may not be made for  
16 a project or program of projects that qualifies for financial  
17 assistance under chapter 53 of this title.

18          “(b) PROJECT AS PART OF APPROVED PROGRAM.—  
19 (1) The Secretary may not approve a grant for a project  
20 under this section unless the Secretary finds that the  
21 project is part of an approved corridor plan and program  
22 developed under section 5303 of this title and that the  
23 applicant or recipient has or will have the legal, financial,  
24 and technical capacity to carry out the project (including  
25 safety and security aspects of the project), satisfactory  
26 continuing control over the use of the equipment or facili-

1 ties, and the capability and willingness to maintain the  
2 equipment or facilities.

3 “(2) An applicant shall provide sufficient information  
4 upon which the Secretary can make the findings required  
5 by this subsection.

6 “(3) If an applicant has not selected the proposed op-  
7 erator of its service competitively, the applicant shall pro-  
8 vide written justification to the Secretary showing why the  
9 proposed operator is the best, taking into account price  
10 and other factors, and that use of the proposed operator  
11 will not increase the capital cost of the project.

12 “(4) An applicant shall demonstrate that it has  
13 agreed with the railroad over which the intercity passenger  
14 rail service will operate concerning the applicant’s oper-  
15 ating and capital plans.

16 “(c) LETTERS OF INTENT, FULL FUNDING GRANT  
17 AGREEMENTS, AND EARLY SYSTEMS WORK AGREE-  
18 MENTS.—(1)(A) The Secretary may issue a letter of intent  
19 to an applicant announcing an intention to obligate, for  
20 a major capital project under this section, an amount from  
21 future available budget authority specified in law that is  
22 not more than the amount stipulated as the financial par-  
23 ticipation of the Secretary in the project.

24 “(B) At least 30 days before issuing a letter under  
25 subparagraph (A) of this paragraph or entering into a full

1 funding grant agreement, the Secretary shall notify in  
2 writing the Committee on Transportation and Infrastruc-  
3 ture of the House of Representatives and the Committee  
4 on Commerce, Science, and Transportation of the Senate  
5 and the House and Senate Committees on Appropriations  
6 of the proposed letter or agreement. The Secretary shall  
7 include with the notification a copy of the proposed letter  
8 or agreement as well as the evaluations and ratings for  
9 the project.

10 “(C) The issuance of a letter is deemed not to be  
11 an obligation under sections 1108(c) and (d), 1501, and  
12 1502(a) of title 31, U.S.C., or an administrative commit-  
13 ment.

14 “(D) An obligation or administrative commitment  
15 may be made only when amounts are appropriated.

16 “(2)(A) The Secretary may make a full funding grant  
17 agreement with an applicant. The agreement shall—

18 “(i) establish the terms of participation by the  
19 United States Government in a project under this  
20 section;

21 “(ii) establish the maximum amount of Govern-  
22 ment financial assistance for the project;

23 “(iii) cover the period of time for completing  
24 the project, including a period extending beyond the  
25 period of an authorization; and

1           “(iv) make timely and efficient management of  
2           the project easier according to the law of the United  
3           States.

4           “(B) An agreement under this paragraph obligates  
5           an amount of available budget authority specified in law  
6           and may include a commitment, contingent on amounts  
7           to be specified in law in advance for commitments under  
8           this paragraph, to obligate an additional amount from fu-  
9           ture available budget authority specified in law. The  
10          agreement shall state that the contingent commitment is  
11          not an obligation of the Government and is subject to sub-  
12          ject to the availability of appropriations made by Federal  
13          law and to Federal laws in force on or enacted after the  
14          date of the contingent commitment. Interest and other fi-  
15          nancing costs of efficiently carrying out a part of the  
16          project within a reasonable time are a cost of carrying out  
17          the project under a full funding grant agreement, except  
18          that eligible costs may not be more than the cost of the  
19          most favorable financing terms reasonably available for  
20          the project at the time of borrowing. The applicant shall  
21          certify, in a way satisfactory to the Secretary, that the  
22          applicant has shown reasonable diligence in seeking the  
23          most favorable financing terms.

24          “(3)(A) The Secretary may make an early systems  
25          work agreement with an applicant if a record of decision

1 under the National Environmental Policy Act of 1969 (42  
2 U.S.C. 4321 et seq.) has been issued on the project and  
3 the Secretary finds there is reason to believe—

4 “(i) a full funding grant agreement for the  
5 project will be made; and

6 “(ii) the terms of the work agreement will pro-  
7 mote ultimate completion of the project more rapidly  
8 and at less cost.

9 “(B) A work agreement under this paragraph obli-  
10 gates an amount of available budget authority specified  
11 in law and shall provide for reimbursement of preliminary  
12 costs of carrying out the project, including land acquisi-  
13 tion, timely procurement of system elements for which  
14 specifications are decided, and other activities the Sec-  
15 retary decides are appropriate to make efficient, long-term  
16 project management easier. A work agreement shall cover  
17 the period of time the Secretary considers appropriate.  
18 The period may extend beyond the period of current au-  
19 thorization. Interest and other financing costs of effi-  
20 ciently carrying out the work agreement within a reason-  
21 able time are a cost of carrying out the agreement, except  
22 that eligible costs may not be more than the cost of the  
23 most favorable financing terms reasonably available for  
24 the project at the time of borrowing. The applicant shall  
25 certify, in a way satisfactory to the Secretary, that the

1 applicant has shown reasonable diligence in seeking the  
2 most favorable financing terms. If an applicant does not  
3 carry out the project for reasons within the control of the  
4 applicant, the applicant shall repay all Government pay-  
5 ments made under the work agreement plus reasonable in-  
6 terest and penalty charges the Secretary establishes in the  
7 agreement.

8       “(4) The total estimated amount of future obligations  
9 of the Government and contingent commitments to incur  
10 obligations covered by all outstanding letters of intent, full  
11 funding grant agreements, and early systems work agree-  
12 ments may be not more than the amount authorized under  
13 section 24405 of this title, less an amount the Secretary  
14 reasonably estimates is necessary for grants under this  
15 section not covered by a letter. The total amount covered  
16 by new letters and contingent commitments included in  
17 full funding grant agreements and early systems work  
18 agreements may be not more than a limitation specified  
19 in law.

20       “(d) FEDERAL SHARE OF NET PROJECT COST.—  
21 (1)(A) Based on engineering studies, studies of economic  
22 feasibility, and information on the expected use of equip-  
23 ment or facilities, the Secretary shall estimate the net  
24 project cost.

1 “(B) A grant for the project shall not exceed the  
2 specified percentage of the project net capital cost estab-  
3 lished for the year the grant is approved, as follows:

4 “(i) 100 percent in the case of approval for  
5 Year Two.

6 “(ii) 80 percent in the case of approval for Year  
7 Three.

8 “(iii) 60 percent in the case of approval for  
9 Year Four.

10 “(iii) 50 percent in the case of approval for  
11 Year Five, and thereafter.

12 “(C) The Secretary shall give priority in allocating  
13 future obligations and contingent commitments to incur  
14 obligations to grant requests seeking a lower Federal  
15 share of the project net capital cost.

16 “(2) Up to an additional 30 percent of project net  
17 capital cost may be funded from amounts appropriated to  
18 or made available to a department or agency of the Fed-  
19 eral Government that are eligible to be expended for trans-  
20 portation.

21 “(e) UNDERTAKING PROJECTS IN ADVANCE.—(1)  
22 The Secretary may pay the Federal share of the net cap-  
23 ital project cost to an applicant that carries out any part  
24 of a project described in this section according to all appli-  
25 cable procedures and requirements if—

1           “(A) the applicant applies for the payment;  
2           “(B) the Secretary approves the payment; and  
3           “(C) before carrying out the part of the project,  
4       the Secretary approves the plans and specifications  
5       for the part in the same way as other projects under  
6       this section.

7       “(2) The cost of carrying out part of a project in-  
8       cludes the amount of interest earned and payable on bonds  
9       issued by the applicant to the extent proceeds of the bonds  
10      are expended in carrying out the part. However, the  
11      amount of interest under this paragraph may not be more  
12      than the most favorable interest terms reasonably avail-  
13      able for the project at the time of borrowing. The appli-  
14      cant shall certify, in a manner satisfactory to the Sec-  
15      retary, that the applicant has shown reasonable diligence  
16      in seeking the most favorable financial terms.

17       “(3) The Secretary shall consider changes in capital  
18      project cost indices when determining the estimated cost  
19      under paragraph (2) of this subsection.

20   **“§ 24403. Project management oversight**

21       “(a) PROJECT MANAGEMENT PLAN REQUIRE-  
22      MENTS.—To receive Federal financial assistance for a  
23      major capital project under this chapter, an applicant  
24      must prepare and carry out a project management plan

1 approved by the Secretary of Transportation. The plan  
2 shall provide for—

3 “(1) adequate recipient staff organization with  
4 well-defined reporting relationships, statements of  
5 functional responsibilities, job descriptions, and job  
6 qualifications;

7 “(2) a budget covering the project management  
8 organization, appropriate consultants, property ac-  
9 quisition, utility relocation, systems demonstration  
10 staff, audits, and miscellaneous payments the recipi-  
11 ent may be prepared to justify;

12 “(3) a construction schedule for the project;

13 “(4) a document control procedure and record-  
14 keeping system;

15 “(5) a change order procedure that includes a  
16 documented, systematic approach to handling the  
17 construction change orders;

18 “(6) organizational structures, management  
19 skills, and staffing levels required throughout the  
20 construction phase;

21 “(7) quality control and quality assurance func-  
22 tions, procedures, and responsibilities for construc-  
23 tion, system installation, and integration of system  
24 components;

25 “(8) material testing policies and procedures;

1           “(9) internal plan implementation and reporting  
2       requirements;

3           “(10) criteria and procedures to be used for  
4       testing the operational system or its major compo-  
5       nents;

6           “(11) periodic updates of the plan, especially  
7       related to project budget and project schedule, fi-  
8       nancing, and ridership estimates; and

9           “(12) the recipient’s commitment to submit a  
10      project budget and project schedule to the Secretary  
11      each month.

12       “(b) SECRETARIAL OVERSIGHT.—(1) The Secretary  
13      may use no more than 0.5 percent of amounts made avail-  
14      able in a fiscal year for capital projects under this chapter  
15      to enter into contracts to oversee the construction of such  
16      projects.

17       “(2) The Secretary may use amounts available under  
18      paragraph (1) of this subsection to make contracts for  
19      safety, procurement, management, and financial compli-  
20      ance reviews and audits of a recipient of amounts under  
21      paragraph (1).

22       “(3) The Federal Government shall pay the entire  
23      cost of carrying out a contract under this subsection.

24       “(c) ACCESS TO SITES AND RECORDS.—Each recipi-  
25      ent of assistance under this chapter shall provide the Sec-

1   retary and a contractor the Secretary chooses under sub-  
2   section (c) of this section with access to the construction  
3   sites and records of the recipient when reasonably nec-  
4   essary.

5       “(d) REGULATIONS.—The Secretary shall prescribe  
6   regulations necessary to carry out this section. The regula-  
7   tions shall include—

8           “(1) a definition of ‘major capital project’ for  
9       this section;

10          “(2) a requirement that oversight begin during  
11       the preliminary engineering stage of a project, un-  
12       less the Secretary finds it more appropriate to begin  
13       oversight during another stage of a project, to maxi-  
14       mize the transportation benefits and cost savings as-  
15       sociated with project management oversight;

16          “(3) a deadline by which all grant applications  
17       for a fiscal year must be submitted that is early  
18       enough to permit the Secretary to evaluate all timely  
19       applications thoroughly before making grants;

20          “(4) a formula based on population, track miles  
21       of railroad, and passenger miles traveled in the prior  
22       fiscal year by which one-half of the funds appro-  
23       priated for capital grants for each fiscal year are to  
24       be allocated among the States;

1           “(5) a requirement that, if a State does not  
2           timely apply for its share of formula grant funds  
3           under paragraph (4) of this subsection, those funds  
4           will be made available to other States under para-  
5           graph (6) of this subsection; and

6           “(6) criteria by which the Secretary will allocate  
7           one-half of the funds appropriated for capital grants  
8           for each fiscal year, including at least projected rid-  
9           ership, passenger rail and intermodal connections,  
10          congestion and air quality mitigation, underserved  
11          communities, and the effect of the grant on whether  
12          existing service will continue.

13   **“§ 24404. Use of capital grants to finance first-dollar**  
14           **liability of grant project**

15          “Notwithstanding the requirements of section 24402  
16          of this title, the Secretary of Transportation may approve  
17          the use of capital assistance under this chapter to fund  
18          self-insured retention of risk for the first tier of liability  
19          insurance coverage for rail passenger service associated  
20          with the capital assistance grant, but the coverage may  
21          not exceed \$20 million per occurrence or \$20 million in  
22          aggregate per year.

23   **“§ 24405. Authorization of appropriations**

24          “There are authorized to be appropriated to make  
25          capital financial assistance grants under this chapter, in-

1 cluding the Secretary’s expenses related thereto, the fol-  
 2 lowing amounts:

3           “(1) Such sums as may be necessary in Year  
 4       Two.

5           “(2) Such sums as may be necessary in Year  
 6       Three.

7           “(3) Such sums as may be necessary in Year  
 8       Four.

9           “(4) Such sums as may be necessary in Year  
 10      Five.

11          “(5) Such sums as may be necessary in Year  
 12      Six.”.

13       (b) CONFORMING AMENDMENTS.—(1) The table of  
 14 chapters for title 49, United States Code, is amended by  
 15 inserting the following after the item relating to chapter  
 16 243:

“244. Intercity Passenger Rail Service Capital Assistance                      24401”.

17       (2) The chapter analysis for subtitle V of title 49,  
 18 United States Code, is amended by inserting the following  
 19 after the item relating to chapter 243:

“244. Intercity Passenger Rail Service Capital Assistance                      24401”.

20 **SEC. 302. FINAL REGULATIONS ON APPLICATIONS BY**  
 21 **STATES FOR DEVELOPMENT GRANTS.**

22       Not later than June 1 of Year One, the Adminis-  
 23 trator of the Federal Railroad Administration shall issue  
 24 final regulations setting forth procedures for application

1 and minimum requirements for the award of grants on  
2 and after the first day of Year Two, under chapter 244  
3 of title 49, United States Code.

4 **SEC. 303. AUTHORITY FOR INTERSTATE COMPACTS FOR**  
5 **CORRIDOR DEVELOPMENT.**

6 (a) CONSENT TO COMPACTS.—(1) Two or more  
7 States with an interest in a specific form, route, or cor-  
8 ridor of intercity passenger rail service (including high  
9 speed rail service) may enter into interstate compacts to  
10 implement the service, including—

11 (A) retaining an existing service or commencing  
12 a new service;

13 (B) assembling rights-of-way; and

14 (C) performing capital improvements, includ-  
15 ing—

16 (i) the construction and rehabilitation of  
17 maintenance facilities;

18 (ii) the purchase of rolling stock; and

19 (iii) operational improvements, including  
20 communications, signals, and other systems.

21 (2) A compact entered into under the authority of  
22 this section shall be submitted to Congress for its consent,  
23 and it is the sense of Congress that rapid consent to the  
24 Compact shall be a priority of Congress.

1 (b) FINANCING.—(1) An interstate compact estab-  
2 lished by States under subsection (a) may provide that,  
3 in order to carry out the compact, the States may—

4 (A) accept contributions from a unit of State or  
5 local government or a person;

6 (B) use any Federal or State funds made avail-  
7 able for intercity passenger rail service (except funds  
8 made available for Amtrak);

9 (C) on such terms and conditions as the States  
10 consider advisable—

11 (i) borrow money on a short-term basis  
12 and issue notes for the borrowing; and

13 (ii) issue bonds; and

14 (D) obtain financing by other means permitted  
15 under Federal or State law.

16 (2) Bonds and other indebtedness incurred under the  
17 authority of this subsection shall under no circumstances  
18 be backed by the full faith and credit of the United States.

○